

RECORDATION NO. 21974-E FILED

ALVORD AND ALVORD
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SEP 28 '01 3:57 PM
TC
SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

September 28, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Chattel Mortgage on Railcar Equipment and Assignment of Security Interest in Railcar Equipment, dated as of September 28, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease Agreement which was previously filed with the Board under Recordation Number 21974.

The names and addresses of the parties to the enclosed document are:

Mortgagee:	The CIT Group/Equipment Financing, Inc. 1211 Avenue of the Americas New York, New York 10036
Mortgagor:	Babcock & Brown Rail Funding, LLC 599 Lexington Avenue, 45 th Floor New York, New York 10022

A description of the railroad equipment covered by the enclosed document is:

Three hundred and fifty eight (358) coalporter cars: NORX 4000 - NORX 4359 inclusive, but excluding NORX 4174 and NORX 4244.

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Mr. Vernon A. Williams
September 28, 2001
Page 2

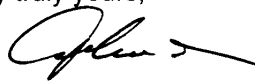
A short summary of the document to appear in the index is:

Memorandum of Chattel Mortgage on Railcar Equipment and Assignment
of Security Interest in Railcar Equipment.

Also enclosed is a check in the amount of \$28.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

**MEMORANDUM OF CHATTEL MORTGAGE ON RAILCAR EQUIPMENT AND
ASSIGNMENT OF SECURITY INTEREST IN RAILCAR EQUIPMENT LEASE**

THIS MEMORANDUM OF CHATTEL MORTGAGE ON RAILCAR EQUIPMENT AND ASSIGNMENT OF SECURITY INTEREST IN RAILCAR EQUIPMENT LEASE, dated as of this 28th day of September, 2001, is made by The CIT Group/Equipment Financing, Inc., a Delaware corporation, with an office at 1211 Avenue of the Americas, New York, NY 10036 ("CIT"), and Babcock & Brown Rail Funding LLC, a Delaware limited liability company, with an office at 599 Lexington Avenue, New York, NY 10022 ("Babcock, and, together with CIT, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, CIT has this date sold its interest in certain railcars identified on Schedule 1 hereto to Babcock (the "Equipment"); and

WHEREAS, CIT has assigned to Babcock and Babcock has assumed from CIT all CIT's right, title and interest under that certain railcar equipment lease (as more fully described on Schedule 1 hereto, the "Lease") covering the Equipment currently on lease to Northern Indiana Public Service Company; and

WHEREAS, in order to secure payment of the purchase price for the Equipment and the Lease, Babcock has delivered a note and a chattel mortgage granting to CIT a security interest in all of Babcock's right, title and interest in and to the Equipment, the Lease and all rents and other proceeds thereof.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, by this instrument CIT and Babcock hereby confirm the grant to CIT of the chattel mortgage over the Equipment, the Lease and all rents and other proceeds thereof to CIT.

IN WITNESS WHEREOF, each of the undersigned has caused this Memorandum to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: [Signature]
Name: GEORGE CASHMAN
Title: SENIOR VICE PRESIDENT

BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Name: _____
Title: _____

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SURFACE TRANSPORTATION BOARD

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STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this 27th day of September, 2001, before me personally appears George Cashman, to me personally known, who by me duly sworn, says that he/she is the SVP of THE CIT GROUP/EQUIPMENT FINANCING, INC., ("CIT"), that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Indra Bedasie
Notary Public

[SEAL]

My Commission expires:

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014602
Qualified in Queens County
Certificate filed in New York County
Commission Expires Oct. 19, 2002

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this ___ day of September, 2001, before me personally appears _____, to me personally known, who by me duly sworn, says that he/she is the _____ of BABCOCK & BROWN RAIL FUNDING LLC, ("Babcock"), that the foregoing instrument was signed on behalf of said limited liability company by authority of _____, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

[SEAL]

My Commission expires:

**MEMORANDUM OF CHATTEL MORTGAGE ON RAILCAR EQUIPMENT AND
ASSIGNMENT OF SECURITY INTEREST IN RAILCAR EQUIPMENT LEASE**

THIS MEMORANDUM OF CHATTEL MORTGAGE ON RAILCAR EQUIPMENT AND ASSIGNMENT OF SECURITY INTEREST IN RAILCAR EQUIPMENT LEASE, dated as of this 28th day of September, 2001, is made by The CIT Group/Equipment Financing, Inc., a Delaware corporation, with an office at 1211 Avenue of the Americas, New York, NY 10036 ("CIT"), and Babcock & Brown Rail Funding LLC, a Delaware limited liability company, with an office at 599 Lexington Avenue, New York, NY 10022 ("Babcock, and, together with CIT, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, CIT has this date sold its interest in certain railcars identified on Schedule 1 hereto to Babcock (the "Equipment"); and

WHEREAS, CIT has assigned to Babcock and Babcock has assumed from CIT all CIT's right, title and interest under that certain railcar equipment lease (as more fully described on Schedule 1 hereto, the "Lease") covering the Equipment currently on lease to Northern Indiana Public Service Company; and

WHEREAS, in order to secure payment of the purchase price for the Equipment and the Lease, Babcock has delivered a note and a chattel mortgage granting to CIT a security interest in all of Babcock's right, title and interest in and to the Equipment, the Lease and all rents and other proceeds thereof.


NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, by this instrument CIT and Babcock hereby confirm the grant to CIT of the chattel mortgage over the Equipment, the Lease and all rents and other proceeds thereof to CIT.

IN WITNESS WHEREOF, each of the undersigned has caused this Memorandum to be executed by a duly authorized officer as of the day and year first above written.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____
Name: _____
Title: _____

BABCOCK & BROWN RAIL FUNDING LLC

By: 
Name: Lawrence Littlefield
Title: Vice President

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this ____ day of September, 2001, before me personally appears _____, to me personally known, who by me duly sworn, says that he/she is the _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., ("CIT"), that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

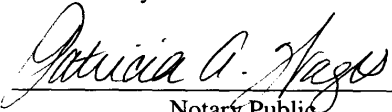
[SEAL]

My Commission expires:

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) SS:

On this 27th day of September, 2001, before me personally appears Lawrence Littlefield, to me personally known, who by me duly sworn, says that he is the Vice President of BABCOCK & BROWN RAIL FUNDING LLC, ("Babcock"), that the foregoing instrument was signed on behalf of said limited liability company by authority of its officers, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

[SEAL]

My Commission expires:

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in Queens County
Commission Expires November 13, 2002

SCHEDULE 1
TO MEMORANDUM OF CHATTEL MORTGAGE ON RAILCAR EQUIPMENT AND
ASSIGNMENT OF SECURITY INTEREST IN RAILCAR EQUIPMENT LEASE
DATED AS OF SEPTEMBER __, 2001

EQUIPMENT

Three hundred fifty-eight (358) Aluminum BethGon™ Coalporter Railcars marked NORX 4000 through 4173 (both inclusive), NORX 4175 through 4243 (both inclusive) and NORX 4245 through 4359 (both inclusive).

LEASE

Railcar Equipment Lease, dated December 1, 1998, between The CIT Group/Equipment Financing, Inc., lessor, as assignee of JAIX Leasing Company, and Northern Indiana Public Service Company, as lessee.